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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)

Billed Party Preference)
for 0+ InterLATA Calls)

CC Docket No. 92-77

REPLY COMMENTS OF THE
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

The National Telephone Cooperative Association ("NTCA") submits these Reply Comments in response to the Notice of Proposed Rulemaking ("NPRM") released by the Commission on May 8, 1992. NTCA is a national association of approximately 480 small and rural local exchange carriers ("LECs") providing telecommunications services to interexchange carriers ("IXCs") and subscribers across rural America.

DISCUSSION

- I. THE COMMISSION SHOULD FOCUS ON THE BENEFITS BILLED PARTY PREFERENCE WILL BRING TO CONSUMERS RATHER THAN PROTECTION OF PAYPHONE OWNERS.

Billed party preference ("BPP") would change the way the consumer chooses the IXC that handles 0+ interLATA payphone traffic and other types of operator-assisted interLATA traffic originating from equal access areas. BPP would permit the routing of these calls to the IXC chosen by the consumer who pays for the call instead of the presubscribed IXC at the payphone from which a call is made. BPP dialing will work with collect calls, calls billed to a third number and calls placed with a calling card. Billed party preference utilizes Common Channel

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Signaling System 7 ("SS7") and Line Information Data Base ("LIDB") validation services.¹

The Commission has tentatively concluded in this NPRM that it is in the public interest for it to establish rules to implement BPP. In its prior support of Bell Atlantic's request for the initiation of a rulemaking on this matter, NTCA stated that the Commission should initiate a proceeding to consider whether BPP will benefit consumers and further the objective of the Telephone Operator Consumer Services Improvement Act of 1990 ("TOCSIA") and the Commission's rules implementing TOCSIA.²

The Commission has initiated this proceeding and NTCA now urges the Commission to focus on consumer benefits of BPP in deciding whether it should promulgate a rule requiring the service. A focus on the consumer benefits will allow the Commission to properly decide issues which require it to balance the cost of any requirements it imposes against the benefits the service will bring to the public. As explained in the following section, focus on the benefits to the consumer and a proper balancing of costs and benefits is particularly important to the small companies that make up NTCA's membership.

¹ Bell Atlantic Petition, at pp. 4-5.

² See, NTCA Supplemental Comments, in RM 6723, NTCA Reply Comments in CC Docket No. 91-35.

II. THE RECORD DOES NOT RESOLVE THE ECONOMIC FEASIBILITY ISSUE.

The Commission has tentatively concluded that a nationwide system of BPP "in concept" is in the public interest.³ However, the Commission has said it needs more information before it can mandate implementation of BPP and determine exactly how the service can be structured. The Commission has "first and foremost" requested additional information about the costs of BPP and how the costs are affected by the scope of BPP.⁴ Numerous parties have filed comments to the NPRM and responded in various ways to the Commission's request for information. The comments present a range of estimates which demonstrate that efforts to quantify costs are still at a speculative stage.⁵ For example, U S West estimates that implementation costs required for all interLATA 0+ and 0- calls will be \$149 million without providing an estimate for annual expenditures.⁶ GTE Corporation ("GTE"), on the other hand, estimates an implementation cost of \$84 million plus \$23 million in annual expenditures.⁷ Sprint provides an estimate of \$53 million but notes this estimate does not include labor, overhead loadings, SS7 consideration, billing and other network modifications.⁸ This wide range indicates

³ NPRM, para. 13.

⁴ NPRM, para. 25.

⁵ Sprint, at 19.

⁶ U S West, at 6.

⁷ GTE, at 11.

⁸ Sprint, at 20.

that more specific information is needed before BPP is mandated even for the larger carriers. Moreover, the large LECs have admittedly provided estimates which are speculative in light of the uncertain costs of BPP implementation.

In its comments, the Organization for the Protection and Advancement of Small Telephone Companies ("OPASTCO") pointed out that the cost of BPP will vary from LEC to LEC depending on the type of equipment and the degree to which the LEC has deployed SS7. OPASTCO states that the Commission should determine this unknown before mandating BPP.⁹ NTCA agrees and is concerned also that Commission mandates not affect small LECs adversely. NTCA, therefore, urges the Commission to refrain from imposing mandatory deployment schedules on small LECs operating in rural areas.

The Commission should look separately at the costs and benefits of imposing mandatory deployment schedules on small companies. NYNEX for example believes the costs of BPP outweigh the benefits.¹⁰ The deployment of BPP in urban areas will obviously provide more benefits to urban centers than it will in the sparsely populated rural areas where there are far fewer centers like airports and train stations which have high concentrations of payphones and aggregator locations. While the

⁹ OPASTCO, at 4.

¹⁰ NYNEX, at 3.

demand for BPP is not quantified, NTCA urges the Commission to consider that demand is likely to be much lower in rural areas and that the costs to implement BPP in rural areas may be higher per unit of demand. NTCA is concerned that non-usage sensitive end office costs could contribute to the disparity in access charges for companies serving rural areas if costs are recovered through higher access charges. NTCA also believes that BPP deployment should be phased to prevent the imposition of costs that yield no corresponding or proportionate consumer benefits. Sprint also asks that independents be allowed a longer implementation time than the RBOC's.¹¹ Thus, NTCA urges the Commission to refrain from imposing rigid mandates on small companies.

III. THE COMMISSION SHOULD CONDUCT FURTHER PROCEEDINGS BEFORE DECIDING THE COST/BENEFIT ISSUE RAISED IN THIS PROCEEDING.

As demonstrated in the point immediately preceding, NTCA agrees with the Commission's position that more precise cost data is needed prior to the promulgation of a rule mandating BPP. In fact, NTCA believes that the Commission cannot make a rational decision without better cost data. NTCA also believes that a specific cost recovery mechanism must be assured prior to an implementation mandate. NTCA also cannot support mandatory application of BPP for all LECs unless the recovery method assures that the costs of BPP are not allocated to local

¹¹ Sprint, at 25.

ratepayers who do not benefit from BPP.¹²

NTCA members are also concerned that their subscribers might be burdened with excessive costs because of the Modification of Final Judgment requirements agreed to or imposed on the Bell Operating Companies and GTE.¹³

NTCA agrees with the United States Telephone Association position that the issue of cost recovery is of primary importance in view of the significant costs that will be involved for each LEC if the Commission mandates BPP. While NTCA believes BPP could benefit consumers, in view of the long implementation time predicted by the Bell Operating Companies, GTE, and large independents, NTCA also believes the public interest would not be harmed if the Commission delays implementation until it obtains additional cost data and decides how the cost of implementation will be recovered.

¹² A number of commenters urge the Commission to require that all LECs implement BPP. This may require all LECs to deploy necessary technology in their end offices. See, comments of U S West, at 3 & 6; Bell Atlantic, at 3; GTE, at 5; SNET, at 7 & 8; and SWBT, at 4.

¹³ See, NPRM, at paras. 3 and 4, citing MFJ Court statements instructing GTE to "work towards implementation of technology that will allow the actual customer to select the interexchange carrier of his choice using 0+ dialing" and voicing expectation that the Court may require BPP implementation Regional Companies in absence of Commission action.

CONCLUSION

For the above stated reasons, NTCA again urges the Commission to conduct further proceedings to determine the cost of mandating BPP and the mechanism by which these costs will be recovered before it promulgates a rule on implementation.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Gail C. Malloy, certify that a copy of the foregoing Reply Comments of the National Telephone Cooperative Association in CC Docket No. 92-77 was served on this 27th day of August 1992, by first-class, U.S. Mail, postage prepaid, to the following persons on the attached list.



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